







REPUBLIC OF CYPRUS

***Five - year  
Programme of  
Economic  
Development***

**ADDRESS**  
of the President of the Republic  
Archbishop MAKARIOS  
to the House of Representatives  
on the 21st August, 1961.

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Nº147





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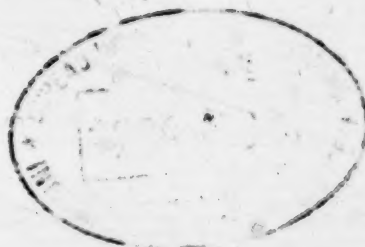
**ADDRESS  
of the President of the Republic  
Archbishop MAKARIOS  
to the House of Representatives  
on the 21st August, 1961,**

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**Address of the President of the Republic of Cyprus  
Archbishop MAKARIOS to the House of  
Representatives on the Government's  
Activities and Five-Year Programme.**

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*21st August, 1961.*

It is with exceptional pleasure and sentiments of the deepest emotion that I am addressing this message to the representatives of the people of Cyprus, fully conscious of the privilege of addressing the first House of Representatives of the independent Republic of Cyprus.

I consider it my duty at this solemn hour to pay a tribute to all those who, by their struggles, have contributed to the attainment of independence. The first and foremost concern of our Government will be to safeguard the blessing of freedom and our democratic institutions whilst at the same time creating suitable conditions for the progress and welfare of the people of Cyprus in an atmosphere of peace. Our young Republic will draw for its ideology on the rich heritage of its old cultural traditions and on the basic principles and declarations of the Charter of the United Nations. Within this framework the efforts of the Government will be directed, at home, to the creation of conditions of lawful government and good order, affording to all citizens equal opportunities for improvement of their standard of living, and, abroad, to the support of conditions contributing to peace and co-operation amongst all nations.

Although Cyprus is a small country, we firmly believe that it can promote the spirit of friendship and co-operation amongst nations, thus making a decisive contribution towards the establishment of international peace and stability. In this spirit, our Government is determined to follow a policy of equal friendship with all nations; we are convinced that only through sincere friendship and co-operation is it possible to secure international peace and to rid humanity of the threat of total extinction. Within the limits of our power and within the framework of the United Nations, we shall work so that the noble principles of freedom, justice and peace may prevail in the world.

Internally, the Government will make every effort, on the lines laid down in its programme, to raise the standard of living of the people, to safeguard the democratic privileges and freedoms of the citizen and to afford equal opportunities to all for spiritual, social and cultural progress and development in an atmosphere of law and order.

Unfortunately, the structure of the Cyprus economy still bears the mark of a bad legacy. The characteristics of our economy today are:—

- (a) Underdevelopment of a particular kind, in that, though the island remains basically agricultural, our agriculture is underdeveloped and its contribution to the national income comparatively low.
- (b) Marked dependence on foreign trade and in particular on one or two foreign markets. Our balance of trade is based on exports of agricultural and mineral products—imports seriously outbalancing exports. A considerable share of our exports is directed towards the United Kingdom and, in order to cover the large deficit in the balance of trade, it is necessary to rely on foreign earnings accentuating our dependence.

- (c) Uncertainty and instability in the flow of income and extent of employment. The result of this is the absence on the one hand of a foundation for rapid and steady development and the creation, on the other, of strong fluctuations in the income and employment levels.
- (d) Obvious disparity between the income of the rural sector of the economy and that of the remaining sectors. The per capita income of the rural population is very low. As opposed to this, a booming import trade and a high employment on military works, on construction of buildings in urban areas and in the Government Service, created—until recently—comparatively high incomes in the towns which were spent on consumer goods and non-productive investment resulting in a further increase of imports.

The gross national product of Cyprus for 1960, was estimated, at current prices, at £78,400,000 as against £86,600,000 in 1957, the year in which the gross national product of Cyprus reached its peak. As a result of the reduction, which occurred during the period 1958-1960, the rate of the average annual increase of the gross national product (calculated at current prices) for the period 1950-1960 decreased substantially, being 7% as against 9.9% for the period 1950-1958. The result is the same if the national product is calculated at fixed prices. The rate of the average annual increase in the gross national product calculated at fixed prices of 1950, for the period 1950-1960 was 2.9% as compared to 4.4% for the period 1950-1958.

It is estimated that the per capita gross annual income at current prices decreased from £161.3 in 1957 to £139.3 in 1960. The distribution of this income varies widely between the urban population and the rural population; the latter has a per capita income equal to half of the general per capita income and to one-third of the urban per capita income. Thus, whilst the general per capita income—and in particular the urban per capita income—is at a comparatively satisfactory level (being second in line amongst 16 neighbouring countries), the average rural per capita income is at a lower level—which is indicative of the uneven distribution of the national income.

The assessment of the contribution of the various sectors of the economy to the gross national product leads to the following conclusions:—

- (a) Agriculture contributes, on an average, 23.3% to the total, i.e., a comparatively low proportion for an agricultural country.
- (b) Industry contributes, on an average, only 12.5% and the mines 12%, i.e., both these sectors together contribute a proportion approximately equal to that contributed by agriculture alone.
- (c) The remaining sectors together contribute a higher proportion than the three mentioned above (52% as against 48%).

Thus, the previous administration rendered the Cyprus economy insecure, by making it dependent to the largest extent on military expenditure, commerce and the colonial services.

Before dealing with the other sectors of Cyprus economy we shall deal specifically with the major sectors, i.e., Agriculture and Industry, stating at the same time the measures which the Government intends to take for the development and promotion of these vital sectors of the economy of our country.

## ✓ Agriculture

Agriculture is the backbone of the Cyprus economy, not only because of its contribution to the national product and the provision of employment for the majority of our people, but also because our local industry and exports are largely based on it. In spite of this, taking into consideration the extent of the contribution of agriculture to the national product and the number of people employed, the per capita income of the farmer is very low. On the other hand, a comparison between agricultural exports and agricultural imports shows that the latter exceed the former in value, an unusual feature in an agricultural economy.

The above factors are due to the unfavourable conditions of the Cyprus agricultural economy, amongst which the following should be noted :—

- (a) The small size of the average agricultural holding, and the consequent smallness of the unit capable of exploitation, rendering full development of such holding without extraneous means an impossibility.
- (b) The extensive fragmentation of agricultural holding.
- (c) The limited use of modern methods of cultivation, evidenced by the small proportion of areas irrigated by artificial means, the limited use of fertilizers and unsatisfactory mechanization.
- (d) The unsatisfactory return for the labour of the Cyprus farmer, due to the heavy burden of indebtedness, the existence of middlemen who extract a share of the farmer's profits, defective methods of exportation of agricultural produce and insufficient industrial processing of those quantities of agricultural produce which are not disposed of fresh.

The Government intends to make a special effort for the development of agricultural production and the protection of the Cypriot farmer. The main lines of the agricultural policy of the Government can be summarized as follows :—

- (a) The consolidation of agricultural holdings, with a view to greater productivity of agricultural land.
- (b) The settlement of landless farmers and the supplementary settlement of those possessing inadequate holdings ; this will be achieved by the distribution of Government land and by the introduction of measures tending to render viable as large a number of agricultural units as possible. The Government has already appointed a committee for the purpose of studying and making recommendations as to the distribution of the land known as " khali " land.
- (c) The development of unproductive land by reclamation and in some cases by drainage and the removal of salts, and the improvement of land by the adoption of intensive methods of soil conservation and improvement and by the encouragement of farmers to employ modern methods of utilization and conservation of land.

The Government will also make available a sum of £200,000 for the purchase of heavy tractors and excavators which will be used for the levelling and development both of Government lands distributed to the farmers and of privately owned lands.

- (d) The introduction of a system of rotational cultivation, thereby reducing to the minimum the extent of the lands lying fallow, coupled with the replanning of cultivation and the introduction of new crops capable of thriving in the climatic conditions of Cyprus.
- (e) The establishment of nurseries for supplying farmers with selected varieties of plants at subsidized prices, the encouragement of tree-planting, especially of dry fruit-trees on lands which are unsuitable for the cultivation of other kinds of trees, and by the granting of long-term loans and other facilities to tree-planters.
- (f) The promotion of intensive cultivation by the extension of irrigation and the use of machinery and fertilizers.
- (g) The raising of the standard of technical knowledge of farmers by the employment of a greater number of agriculturists, the extensive use of applied agriculture, the development of large agricultural holdings in a model manner and the intensification of the technical training of young farmers.
- (h) The reorganization of the system of agricultural subsidies, with a view to providing an incentive to greater production and investment in productive equipment.
- (i) The provision of credit facilities and in particular medium and long-term loans for agricultural development, coupled with the relief of farmers from agricultural indebtedness. To this end the Government will make available to the farmers medium and long-term credit to the extent of £2,000,000 for the improvement of their lands and the increase of their productivity. Measures will also be introduced for the relief of farmers from agricultural debts. For this purpose the existing legislation, properly adapted to existing conditions and amended accordingly, will be invoked so as to enable a debtor, on complying with the prescribed procedure, to pay the debt due by him within a reasonable period, according to the special circumstances of each case and in particular the farmer's financial ability to repay. The relevant legislation will be put into force before the expiration of the legislation restricting the forced sale of immovable property and the movables of farmers.

Within the framework of this policy the Money-lenders' Law, which provides for the compulsory registration of private loans and imposes control on the activities of money-lenders, will be put into force.

- (j) The formulation of a system of disposal, processing and exportation of agricultural produce.
- (k) The establishment of a Government agency to undertake the insurance of agricultural produce against the risks incidental to production.
- (l) The provision of assistance for the creation of supplementary sources of income, such as bee-keeping, poultry-breeding, cattle-raising and industry in the home.
- (m) The establishment of an Agricultural Research Institute for carrying out research to establish the best varieties of seeds, plants, animals and agricultural chemicals and for the demon-

stration of the best methods of exploitation of land based on geological studies. To this end, the relative agreement with the United Nations Organization has already been signed. It is estimated that the United Nations Organization will contribute £247,000 towards the fulfilment of this project, in the form of experts from abroad, the grant of scholarships to Cypriots and technical equipment for the Institute. It is estimated that the Government of the Republic will contribute the sum of £350,000 towards the establishment of the Institute and the services of the Cypriot experts who will be employed in the research work of the Institute.

For the achievement of the above aims the Government intends to provide, out of Government monies and within a period of five years, the sum of £7,000,000.

### Water

One of the main causes of the retarded conditions of Cyprus agriculture is the adverse and unpredictable state of water supply. The lack of sufficient water constitutes the most serious problem of Cyprus. About 60% of the population of the island suffer from shortage of water, and even in areas where water exists, such water is pumped by individuals without adequate planning and control, and the complete depletion of these underground reservoirs may be considered as certain unless the necessary measures are taken urgently. In certain areas, such as Famagusta and Morphou, the level of underground water has dropped to an alarming degree. In certain parts of the Famagusta area the level of underground water has dropped to such an extent as to allow the inflow of sea water with ruinous results. The same danger is also looming in the Morphou area. This dangerous decline in the level of underground water is due to a considerable extent to the drought of the last few years, as well as to the continuous pumping of water which exceeds its replenishment.

The seriousness of this problem is vast and its solution is not easy. Cyprus has no flowing rivers to provide a regular and adequate supply of water, and therefore every effort must be made to meet our needs from the conservation of rain water. Unfortunately rainfall in Cyprus is neither stable nor satisfactory.

But even when the volume of rainfall is sufficient, because of the non-existence of water dams, the valuable rainwater flows unhindered to the sea washing away extensive masses of fertile soil.

The problems which confront the Government are the following :—

- (a) The carrying out of a survey of the total water resources of the island and of research so as to discover and exploit underground reservoirs or currents.
- (b) The replenishment and protection of existing underground water resources.
- (c) The conservation, storing and measured use of rainwater and the prevention of its flow to the sea.
- (d) The supply in sufficient quantities of piped water to all villages and towns for domestic and industrial use.

The Government is resolved to face every aspect of the water problem with determination and intends, in addition to other measures, to invest substantial amounts in works for the development of the water resources of the island. The necessary funds will be derived both from the Government budget and from outside sources.

It is the intention of the Government to embark on the construction of big as well as small water dams and on the execution of other irrigation works. By means of these water dams it will be possible to store the rainwater which now flows to the sea. The result of this will be two-fold : The replenishment of the underground water resources, especially in those water-bearing areas where the water has, due to continuous overpumping, receded to an alarmingly low level, and the irrigation of larger areas of land. For this purpose the Government has secured from the United Nations Organization the services of a distinguished expert in the construction of water dams, and the sum of approximately £10,000,000 will be spent over the next five years.

The Government will also spend the sum of approximately £4,000,000 for the improvement of water supply for domestic purposes. Out of this amount about £3,000,000 will be spent on the supply of piped water to those villages which now suffer from water shortage and £1,000,000 for the improvement of the water supply in urban areas. An additional amount of £2,000,000 will be spent on research for the discovery and development of new water resources. The Government will, in the near future, submit an application to the United Nations Organization for the grant of assistance in the search for new water and mineral resources. A United Nations Organization expert has already been sent to Cyprus in order to assist the Government in the formulation of the relative application. The United Nations Organization will also provide the necessary experts and equipment for geophysical research and bore-drilling purposes, and will grant scholarships for the training of Cypriots abroad.

Revision of the existing complicated water legislation is essential to the implementation of this five-year plan. The legislation at present in force and the private rights on water constitute serious obstacles to the implementation of a full programme in this field. The United Nations Organization will send to Cyprus an expert on water legislation to assist us in this direction.

The Government is examining the possibility of nationalizing all the water resources of the island, with a view to an equitable distribution of water. Should this nationalization materialise then, not only all underground but also all surface water will belong to the State ; just and equitable compensation will of course be paid to those having private rights over such waters. After nationalization only the State would have the responsibility for the discovery and distribution of water.

The Government is now seriously considering the possibility of the establishment of centres for the extraction of fresh water from sea water. The employment of this method, is, however, still in an experimental stage, and its adoption is at present not recommended on financial grounds. However, in areas where the provision of water by any other means is impossible, the Government would be prepared to explore the possibility of employing this method in the near future.

### **Animal Husbandry**

A subject closely allied to agriculture is that of animal husbandry. The contribution of animal husbandry to the agricultural income, in spite of a small increase in recent years, still leaves room for improvement. The breeding of animals with a good yield cannot by any manner of means be considered as satisfactory, and the failure to implement, to any appreciable extent, a system of mixed farming has discouraged the satisfactory development of animal husbandry in Cyprus. A consequence of this state of affairs has been the substantial importation of animal produce, such as meat and dairy products, while agricultural land suitable for the support of livestock remains underutilised.

In recent years some improvement has been achieved in the breeding of poultry, but even so the production of meat, poultry and eggs is still not sufficient to satisfy the demand for local consumption.

In spite of the stagnancy in animal husbandry which has characterized post-war years there are still considerable possibilities for its development in Cyprus and the attainment of a greater degree of self-sufficiency. To this end the Government proposes to apply the following measures :—

- (a) To embark on the intensive development of grazing land and to introduce a system of integration of crop and animal husbandry and mixed farming.
- (b) To encourage the breeding of dairy and stable animals, and especially of dairy-cows, by the introduction of improved breeds, not only in order to improve the production of milk and meat, but also as an inducement to mixed crop and animal husbandry ; thus will bring about an increase in the family income and in the local supply of fresh milk.
- (c) To promote poultry farming and to introduce modern methods of production, so that the supply of meat, poultry and eggs in sufficient quantities to meet local needs may be possible.
- (d) To encourage the industrial processing of milk by modern means and methods, for the production of butter, cheese, etc., in greater quantities and better qualities.

The Government will make available the sum of £200,000 for the importation of improved breeds of dairy cows and heifers, to be supplied to farmers on loans without interest, repayable over periods of three years. At the same time, an increased number of stock-breeding farms will be established with a view to accelerating livestock production and improving the varieties ; the veterinary services will be improved.

It is estimated that the sum of £500,000 will be spent on the implementation of the five-year programme for the development of animal husbandry.

### **Forests**

Cyprus agriculture is closely related to Cyprus forestry owing to the beneficial effect of forests on our climatic conditions and their valuable contribution to soil conservation. Our forests constitute an important element of our national wealth, in that 18% of the whole area of the island is covered with forests and substantial amounts of money have been invested in their conservation and development. A

considerable number of persons are employed in occupations connected with this sector of our economy, and the general contribution of our forests to the tourist development of the island is notable.

Unfortunately large sections of our forests are destroyed by fire from time to time, so that, out of a total of 1,300,000 donums of forests, only 200,000 donums are fully productive. The contribution of forests to the national product amounts to only £700,000 annually ; it is possible, however, by the intensification of the activities of the relative Government services and by the re-afforestation of those forest areas which have been destroyed, to increase the contribution of forests to the national product.

The efforts of the Government will be directed to the attainment of the following objects :—

- (a) The conservation and development of forest wealth and the re-afforestation of the areas destroyed by fire ; this expansion of the forest area and of the productivity of our forests will also result in a consequential benefit to agriculture (soil conservation and improvement of climatic conditions).
- (b) The introduction of modern methods of development, the improvement of the quality of forest produce, the introduction of new types of forest produce, the attainment of a greater degree of self-sufficiency, and the development of forests for tourist purposes on a larger scale.

The expenditure for the implementation of the programme of forest development is estimated at £1,000,000.

### **Industry**

Though Cyprus is mainly an agricultural country, yet it faces the problem of insufficient employment for its agricultural population ; this is due to the limited extent of land suitable for cultivation and the difficulties involved in its development to the fullest degree, coupled with the comparatively rapid rate of increase in our population.

The relative mechanization in agriculture, and mechanization in the mines on a much larger scale render any extensive increase of employment in these fields impossible.

As a result of the above the creation of satisfactory conditions of life for that section of the community which cannot be fully employed in other sectors of the economy will largely depend on the rate of industrial development of the island. Such industrial development will increase not only the fields of employment but also the national income and will be instrumental in the creation of a healthy economy.

Industrial development in Cyprus is of very recent origin and due exclusively to private enterprise. Some of the factors which have contributed to the slow rate of industrial development are : the disproportionately high rate of development of the import trade, the limitations of the local market, the lack of enterprising initiative on the part of capital and the low standard of technical training. Though the contribution of industry to the national product is not at all negligible, yet great possibilities exist for the extensive development of industry.

It would, undoubtedly, be unreasonable to aim at the conversion of the Cyprus economy into a full industrial one. There are some branches of industry, and particularly of heavy industry, requiring special conditions of development, which must be excluded from the start.

No industry should be dependent on tariff protection, to the prejudice of the consumer. It is possible, however, to establish in the island viable industries mainly dependent on raw materials produced or obtainable locally thus eliminating wholly or partly the importation of the respective goods from abroad. This would have a most beneficial effect on the level of employment and of the national product and would also be a powerful incentive to the investment of foreign capital in the island. Another beneficial consequence would be the reduction of the deficit in the balance of trade, which would free foreign exchange for the importation of goods which are more useful to the economy of the island.

One of the primary objectives of the Government in this sphere will be the creation of suitable conditions for the fostering of private initiative, by such works as the expansion of electrification and communications, the construction of harbours in suitable localities, etc. It should, however, be emphasized that the Government will not hesitate to take the initiative in any sphere of industrial development in which private initiative may be lacking.

In order to assist in the industrial development of the island, the Government has decided on the establishment of a Development Bank for the grant of credit to industrial and other similar enterprises for purposes of development. The Bank will also be in a position to extend technical assistance to new industrial enterprises.

The Development Bank will be of a private character, but the Government will participate to the extent of £600,000, and it is hoped that the balance of the necessary capital will be forthcoming from private sources. The services of experts from the United States of America for the setting up of the Bank have already been secured.

The Government will also pursue the following objectives :—

- (a) The grant of special facilities for the attraction of foreign capital and the creation of conditions which will act as an incentive to private investment.
- (b) The special training of personnel in the respective technical, administrative and economic fields.
- (c) The regulation of the tariffs, by prudent legislation, care being taken to avoid the creation of a system dependent on tariffs which would be detrimental to the consumer and might prove dangerous to the economy in case of Cyprus associating itself with broader economic groups.

A further objective of the Government will be the development of the legislation relating to corporations and trade marks. The existing legislation will be amended and brought up-to-date so that it may be more in keeping with the demands of a rapidly growing economy and be more conducive to the creation of favourable conditions for the encouragement of investments.

## Mines

Closely connected with industry is the subject of mining. The mineral wealth of the island provides a varied and substantial contribution to our economy. It provides more than 50% in value of the total exports of Cyprus, it contributes 10-15% of the national income and makes a notable contribution to the public revenue. It is estimated that 55-75% of the revenue derived from income tax emanates from this industry. This contribution of the mining industry to general employment is also of vital importance, the number of persons regularly employed in it being 5,000-7,000.

There is, however, one weak point in the mining economy of the island, and that is the progressive decline in the quantities of ore reserves. The average span of life of most of the known ore reserves is between two and ten years.

Very substantial investments are required for a survey of the sub-soil of the island and the discovery of new layers of ore. The Government of Cyprus will participate in this effort by its programme of geophysical survey the aim of which, as already stated, will be the discovery of mineral and underground water resources. An application in respect of this programme is being submitted to the United Nations Organization.

The Geological Survey Service, which has been set up to carry out a survey of the underground resources of the island and a search for water by drilling, will work in close co-operation with the Geophysical Survey Programme and will be reinforced both technically and financially in order to achieve its aims. In addition, special taxation and other measures will be introduced to encourage private enterprise in the spheres of research and investment. Appropriate legislation will be enacted to ensure a maximum return for the expenditure of effort in this direction.

The Government will also pursue the development of other sources of wealth, such as fisheries, merchant shipping and tourism.

## Fisheries

The development of fisheries has not been entirely satisfactory, for the reasons that the fishing grounds of the island are poor in fish and the methods and means employed by Cypriot fishermen are not sufficiently productive. The consumption of fish by our island population is relatively small although it has been increased in recent years by the importation of frozen and tinned fish.

It will be the policy of the Government of the Republic to encourage the creation of an up-to-date fishing fleet, part of which will be able to fish in the open seas.

To this end :—

- (a) Special long-term loans will be granted.
- (b) Assistance will be granted for the provision of cold storage space for the storing of fish, both on ocean-faring vessels and on the shore.
- (c) The tariffs will be suitably regulated so as to afford the necessary facilities for the importation of modern fishing gear.
- (d) In due course, the fishing closed season will be extended to four months and the relative regulations governing fishing within the territorial waters of Cyprus will be strictly enforced.
- (e) A number of scholarships will be granted to Cypriots for training abroad in modern fishing methods.

- (f) The survey now being conducted by a fisheries expert for the discovery of new fishing grounds will be continued.
- (g) Fish landing jetties will be constructed at selected points for the assistance of fishermen.
- (h) Radio communication will be established between fishing vessels and the shore.

The expenditure for the implementation of this part of the programme is estimated at £400,000.

Similar measures will be taken by the Government for the promotion of sponge fishing.

### Shipping

In spite of its long maritime tradition and its island character, modern Cyprus has, for various reasons, not developed its merchant shipping. A drive for the promotion of merchant shipping, which can become a considerably profitable economic factor, is, however, indicated. The main benefits to be derived from the promotion of merchant shipping are : the provision of employment for a large number of Cypriots, revenue from the registration of vessels, influx of foreign currency and a stimulus to tourism.

However, merchant shipping cannot be created without the investment of capital and the training of personnel. Suitable legislation must therefore be enacted aiming at the encouragement of investment and the protection of seamen.

The Government has already proceeded to the drafting of the relative legislation which will shortly be published in the form of a Bill so as to afford the opportunity to interested shipowners to express their views. In so far as the training of suitable personnel is concerned the Government is prepared to grant a sufficient number of scholarships to Cypriots to attend maritime institutions abroad, whilst at the same time efforts are being made to place Cypriots on foreign ships for training. At a later stage it may be possible to establish a maritime school in the island.

### Tourism

One of the primary concerns of the Government will be the development of the tourist industry. The natural beauties of the island, its archaeological treasures, its advantageous geographical position and its temperate climate, all constitute important factors in the development of both winter and summer tourism which may become a vital source of income for Cyprus.

The Government will pursue the following policy in the field of tourist development :—

- (a) The projection abroad of the advantages of the island.
- (b) The financing of the erection of new hotels and of the modernisation of existing ones.
- (c) The training of Cypriots in the various fields connected with tourism.
- (d) The improvement of communications.
- (e) The development of shores which are interesting from the tourist point of view.

- (f) The reduction of fares, especially for excursion tickets.
- (g) The co-operation with other countries for the combined channeling of groups of tourists.
- (h) The simplification of formalities governing the entry of visitors.
- (i) The fixing, by special regulations, of the price and quality of goods and services supplied and rendered to tourists.

The Government will make available a sum of £1,000,000 for the proper organization and general development of tourism and tourist publicity, and will also provide an additional amount of £2,000,000 for credits and investments.

**Balance  
of Payments**

I shall now deal with the subject of the balance of trade and the balance of foreign payments. The structure of the balance of foreign payments of Cyprus is unfavourable. This is evidenced by the obvious disparity between exports and imports, by the unsatisfactory structure of the balance of trade, and the instability of the sources for the balancing of the deficit.

The rate of imports has risen rapidly, the total value of imports having tripled within the decade 1950-1960. This is mainly due to the increase of money incomes and extensive commercial credit facilities. The total value of imports amounts today to half the total national product of the island. The structure of imports, however, is not at all satisfactory, in that the greatest proportion of imports consists of consumer goods, including a considerable number of luxury items. The countries of origin of imported goods are few, the United Kingdom, from which about 40% in value of our imports emanate, being by far the greatest source; this is due to the system of preferential tariffs and to other causes. The member countries of O.E.E.C. (the Organization of European Economic Co-operation) follow the United Kingdom, supplying a proportion of 30-40% of the whole, the balance of 10-20% being made up by all other countries together.

It is true that there has also been a rise in our exports, but at a much slower rate. Exports are, because of their nature, uncertain, being dependent on foreign demand; this is especially so in the case of agricultural products, which depend on the additional uncertain factor of weather. Cyprus exports are directed to the United Kingdom to the extent of about 30%, to the member countries of O.E.E.C. to the extent of 50% and to other countries to the extent of the remaining 20%.

The gap between imports and exports is extremely wide and has risen in recent years to a proportion of 50% of the level of imports.

The considerable deficit in the balance of trade of Cyprus with foreign countries was, until recently, mainly covered by the expenditure of the British Administration, and particularly of the Military Authorities, which expenditure was almost equal to the value of exports. This expenditure has contributed to the investment of fixed capital in the country on an increased scale, the extension of employment, the increase in money incomes, the rise in the demand for imported goods, and particularly of cars and other luxury items, and the private investment mainly on buildings.

The contribution of invisible earnings, such as tourist earnings and remittances of money from abroad, was limited. The movement of capital, on the other hand, followed an unsteady pattern, the latest development being the excess of outflow over inflow.

In order to combat this unsatisfactory state of the balance of payments, both short-term and long-term measures are necessary.

The short-term policy of the Government will be directed towards the achievement of the following objectives :—

- (a) The better regulation of exports by the employment of improved methods of presentation of the products of the island on foreign markets and by the conclusion of advantageous trade agreements.
- (b) The reduction of imports, especially on non-essential goods, by the increase of local production. The Government of the Republic has already introduced to the House of Representatives a number of Bills aiming at the promotion of local industry and the restriction of imports of goods which are competitive with local products.
- (c) The promotion of tourism so as to encourage the tourist movement in Cyprus and increase the inflow of foreign currency.
- (d) The attraction of foreign capital and the repatriation of expatriated Cyprus capital, by the grant of privileges and other suitable facilities.

The long-term policy of the Government will be directed towards the encouragement of investments in spheres likely to have a salutary effect on the balance of payments ; this can be achieved by the increase of production, thus causing a reduction of imports, and in particular by the increase of exports and the improvement in their structure. It is expected that investments in the tourist industry will result in the accelerated development of the tourist possibilities of the island and in the increase of the contribution of tourism to our foreign exchange resources. This will constitute a notable asset to our national economy.

The Government of the Republic is greatly concerned at the possibility of the United Kingdom joining the European Common Market, as this will have repercussions on our export trade with the United Kingdom. The Government of the Republic has already expressed its great anxiety in this respect during the talks held with representatives of the United Kingdom Government on this subject, and has asked that in any negotiations which may be concluded the continuance of privileged access of Cyprus imports to the United Kingdom Market should be secured. The Government is closely following developments in this matter and will take all necessary steps for safeguarding the interests of Cyprus.

#### **Currency**

In the sphere of currency, preservation of the stability of our currency will continue to be the basic objective of our economic and financial policy. Our membership in the sterling area and the International Monetary Fund constitutes an added guarantee in this respect.

#### **Price Control**

The Government will continue to direct its policy towards the lowering of the cost of living and the control of the quality and price of basic commodities, such as bread. A bill providing for the control of the price and quality of goods and services has already been introduced to the House of Representatives.

## Banking

The Government intends to take decisive action on the question of bank credits with a view to promoting not only such fundamental sectors of our economy as agriculture, industry and commerce, but also the general economic development of the island.

Our banking system needs reorganization. Cyprus has neither a Central Issuing Bank nor a Bank for the granting of long-term credit. The existing Banks provide uneven service to the various spheres of productive activity. Furthermore, the necessary system for regulating the establishment and operation of banks and of credit generally, is non-existent. The result of this was the extension of credit facilities to sectors of our economy which were not very productive.

The policy of the Government is therefore directed towards the achievement of the following objects:—

- (a) The establishment of a Central Bank, which will also be the Issuing Bank. This Bank will also act as the Government Banker and as the organ of the Government credit policy. The Central Bank will not have the right of direct participation in commercial enterprises. The services of a special expert of the International Monetary Fund to assist the Government with the establishment of the Bank have already been secured.
- (b) The establishment, as already stated, of a Development Bank, the purpose of which will be the granting of long-term credits for the establishment, expansion and modernization of industrial, tourist and other concerns of a similar nature.
- (c) The co-ordination of the activities of the various agricultural credit institutions or the achievement of their close collaboration by other means, with a view to attaining their more economic operation and improving their services to farmers. The new scheme of credit operations, aimed at creating more favourable conditions for the agricultural population, will be coupled with the reinforcement and expansion of the national funds and other resources to render possible the grant of both long and short-term loans to farmers.
- (d) The regulation by legislation of the establishment and operation of Banking Institutions together with the formulation of rules and the establishment of an authority for the control of our credit policy. These arrangements will provide the procedure for the registration of Banks in Cyprus and will define the prerequisites of such registration. In addition a Credit Policy Board will be established the task of which will be to regulate credit policy and advise on minimum liquidity ratios for Banks. It will also advise on the sectors to which priority of credit facilities should be granted as well as the manner in which the Banks may invest their liquid assets. Finally the duties and responsibilities of the Managers and Directors of Banks in the exercise of their functions will be defined. The relative Bill will shortly be introduced to the House of Representatives.

In the meantime, the policy, already inaugurated, of giving credit to the productive sectors of our economy, will be continued at an increased level.

The Government also intends to introduce up-to-date insurance legislation.

### **Infra-structural Works**

Sound foundations of the economy constitute the prerequisite for the maintenance of a satisfactory rate of increase of the national income. For this reason the Government attaches the greatest importance to the provision of those works of infra-structure which will form the foundation of all future progress in the other sectors of our economy. Such infra-structural works are harbours, airports, the network of communications, telecommunications and electrification.

### **Harbours**

Unfortunately Cyprus has not a single modern harbour. Port development will be one of the main concerns of the Government. No export trade of any significance can be carried out without harbours, for it is impossible for our goods to be exported at competitive prices if the cost of loading and unloading is high, owing to unfavourable port conditions or delays or the payment of overtime, or the necessity for transshipment; this is particularly so in the case of perishable goods. Other adverse consequences of the non-existence of port facilities are the higher cost of imported goods and the obstruction of the development of our tourist and maritime activities.

In order to solve this most serious problem the Government has prepared the following programme:—

- (a) The extension of the Famagusta harbour by the construction of a new mole and a quay, 600 metres in length. The designs for the execution of this work have already been prepared, international tenders have been invited, and it is anticipated that the work will commence shortly.

The estimated expenditure is £2,500,000.

- (b) The construction of a new modern harbour at Limassol;  
The estimated expenditure is £4,300,000.

- (c) The construction of a harbour at Larnaca;  
The estimated expenditure is £2,300,000.

- (d) The execution of harbour works on a smaller scale at Paphos, Kyrenia and Xeros, of a total expenditure of £2,000,000.

Investment in port works, other than for purposes of normal maintenance and preservation, is beyond the capacity of the Government budget and will necessitate assistance from outside sources.

### **Airports**

In so far as the airports are concerned, the Government will proceed to the following measures:—

- (a) The erection of a spacious modern building at the Nicosia Airport, complete with all necessary installations;
- (b) The improvement of the Airport telecommunications system;
- (c) The training of a number of Cypriot personnel in suitable fields.

The total expenditure for the implementation of this scheme is estimated at £880,000 of which the sum of £500,000 will be provided by the Government of the United Kingdom.

## Roads

The road network of the island is quite extensive and therefore no question of its substantial expansion arises. Its improvement is, however, indicated, by the widening, straightening and asphaltting of existing roads and by the construction of certain by-passes and roads of tourist interest. The asphaltting of certain main arteries, which is now under way, will be completed, and the improvement and construction of certain rural roads situated in important productive areas will be carried out.

The total expenditure for the five-year road development programme is estimated at £5,460,000.

## Telecommunications

Another concern of the Government will be the development of telecommunications. Although our telecommunications network has recently undergone noticeable improvement, yet a considerable proportion of the inhabited rural areas remains unserved whilst the demand for the telephones in urban areas cannot be fully satisfied.

The relative programme includes the following:—

- (a) The improvement and extension of the underground cable system, of the surface network and of automatic telephone installations at the various centres, so as to meet the ever increasing demand for new telephones in urban areas and to establish telephonic communication with all the villages of the island.
- (b) The equipment of wireless stations with new and modern installations, so as to improve overseas communications and increase the number of countries with which telephonic connection may be established.

The estimated expenditure for the completion of this part of the five-year plan is estimated at £1,400,000. The Cyprus Inland Telecommunications Authority (C.I.T.A.) will be able to finance the implementation of the programme from its own resources to the extent of £800,000, the balance of £600,000 being provided from outside sources.

## Electrification

The subject of electrification is also receiving the Government's serious attention, as the adequate supply of electric power is a vital prerequisite to economic and social development.

In recent years, the supply of electricity has shown a marked increase, having risen from 3,000,000 to 193,000,000 kws. in the period 1954–1959. This increase will soon exhaust the present capacity of the Dhekelia Power Station, and the immediate need therefore arises for an increase in our present power.

To this end the Government has decided on the following steps:—

- (a) The extension of the Dhekelia Power Station; the expenditure estimated for this extension is £840,000.
- (b) The establishment in another suitable locality of a new power station, of an initial power of 30,000 kws., the ultimate aim being to increase such power by stages to 180,000 kws.

Parallel to the above increase of installed power the Government intends to expand the network of distribution of electric power. For this purpose 250 new substations will be constructed, and the installation of the necessary underground and aerial lines of both high and low tension will be carried out; existing lines will also be reinforced so as to supply electric power on a larger scale.

It is estimated that an additional 200 villages will be supplied with electric power within the next five years. This will mean that the number of inhabitants in the rural areas served with electricity will be more than doubled.

The estimated expenditure for the completion and extension of the power plant is very substantial, amounting to £10,530,000. It is not possible for all the necessary capital to be derived from the Electricity Authority's reserves nor from the ordinary revenue of the Government budget. It is envisaged that in respect of the sum of £7,620,000, it will be necessary for the Government to contract a long-term loan or to make other more advantageous arrangements. The balance will be provided from the resources of the Electricity Authority.

#### **Government Buildings**

The Government of the Republic also intends to initiate the programme for the solution of the problem of the housing of the Government services. A great majority of the Government buildings are very old and the Government officials are working under unhygienic and unfavourable conditions, which have a detrimental effect on their efficiency.

The Government will invest £500,000 for this purpose.

#### **Medical Services**

The Government of the Republic is actively interested in the provision of satisfactory social services to the people, and particularly of medical and welfare services.

Although the extent of the medical services offered by the Government hospitals has increased considerably in recent years, yet the present number of available hospital beds is insufficient to meet increasing needs. Thus, whilst the number of hospital in-patients in 1950 was 3,969, in 1959 it was 8,216, and in 1960 it exceeded 10,000. Inevitable consequences of this rapid increase are the lowering of the standard of the services and hardship to the patients. An increase in the number of Government doctors and hospital beds is therefore necessary.

The policy of the Government in this field will be as follows :—

- (a) To increase the number of hospital beds.
- (b) To expand the supply of medical services to the rural population by the establishment of a greater number of rural health centres and the posting of a greater number of medical officers, mid-wives, health visitors and chemists to rural areas.
- (c) To increase the number of Specialist Doctors in the districts.

- (d) To equip all district hospitals with laboratories and to supply them with more medical equipment.
- (e) To establish blood banks in all the district hospitals.
- (f) To erect in the Nicosia area a hospital for the treatment of epidemic diseases.
- (g) To continue the service for the control of malaria and to expand and improve the service of preventive medicine.
- (h) To introduce legislation for the control of the quality and price of imported drugs.
- (i) To establish a psychiatric unit in the Nicosia General Hospital and to complete the Mental Hospital, work on which was commenced during the current year, with a view to providing more satisfactory mental and psychiatric care.
- (j) To erect a Children's hospital, a Maternity and Gynaecology hospital and a Geriatrics Hospital.
- (k) To establish rehabilitation centres.

The total amount to be expended on medical services is estimated at £2,000,000.

#### **Welfare Services**

The social welfare services are connected with the medical services, in that they form part of the effort to improve the standard of living. The welfare services consist, on the one hand, of the provision of financial assistance to persons lacking the basic necessities of life and, on the other hand, of the care of children who are in need of attention.

A special service exists for the grant of financial assistance to the poor. Its purpose is the provision, either on a regular basis or in exceptional circumstances, of financial assistance to persons in need, after careful examination of each case.

For juvenile delinquents and children in need of care and protection there is the Lapithos Reform School to which juvenile offenders are committed by order of the court and where they receive educational and technical training. There also exist a number of "Children's Homes" for the care of children who, for various reasons, are in need of special care and protection and who are sent to such homes by decision or with the approval of the court. There exists yet another service concerned with the supervision of the young, and that is the boarding out of children, with the approval of the court, with selected families on payment of an allowance by the Government.

We cannot claim that the services provided today are satisfactory.

The activities of the Government in this field will be directed towards the achievement of the following objectives :—

- (a) The increase of the funds provided in the Government budget for public assistance, in order that assistance may be increased and extended to cover all those in need.
- (b) The introduction of legislation governing the provision and regulation of public assistance.

- (c) The erection of more "Children's Homes", in order to extend the services of care and protection of young persons.
- (d) The establishment of at least one institution for the care of young girls who are in need of supervision and protection.

The expenditure for the above purposes is estimated at £600,000.

### **Education**

One of the most important concerns of every state is education, since the standard of civilization and culture, and therefore the future of the State, depend upon it.

In Cyprus, Education is entrusted by the Constitution to the Communal Chambers. We are, however, certain that the House of Representatives will extend to the Government all possible support for the promotion of Education so that it can be brought within the reach of all.

### **Technical Training**

Closely connected with this subject is that of technical training. The significance to our economy of vocational, and particularly of technical, training is very considerable. Modern progress in the technical fields is continuously limiting the demand for unskilled labour and increasing the demand for skilled labour.

The Government plans envisage the following :—

- (a) The encouragement of the adaptation of the programme of technical education to the programme of economic development, with a view to training the necessary personnel in appropriate fields.
- (b) The promotion of the application of modern methods of vocational training so that youths may be directed to those fields in which they show special aptitude and in which a demand for personnel is anticipated.
- (c) The award of scholarships for the training of young Cypriots, both locally and abroad, in technical fields in which trained personnel is needed in the island.
- (d) The full use of the technical assistance offered by foreign countries and international organizations, so as to promote the expansion and improvement of technical education in Cyprus.

### **Other Services**

Finally, the Government intends to spend the amount of £1,000,000 on other services, including investments in archaeological sites and the development of the postal services.

### **Labour Policy**

The provision of full employment and, generally, the labour policy of the Government form an important part of the general effort for the development of the island.

It is true that we are today facing a problem of partial unemployment, which is partly due to the slow-down in the construction of military works and in the building industry in the island generally. The great demand for labour hands during the period 1953-1956 in the British bases created an artificial level of labour employment far in excess of the normal one. Many farmers with small agricultural holdings abandoned their agricultural occupations in order to join the ranks of the workers employed at the military bases. Other factors which contributed to the unemployment problem were mechanization in the mines and the restriction of certain mining operations.

Unemployment is of three kinds: permanent unemployment, seasonal unemployment and underemployment. The labour force of the island is estimated at about 130,000 including those seasonally and partially employed.

It is envisaged that the Government programme outlined above for the development of the various sectors of the economy, and particularly of the industrial sector and the construction of the various Government works of infra-structure, will create the possibility of achieving full employment. Employment is the right of every citizen, and the Government is fully alive to its obligations to create conditions securing this right to all.

Apart from its efforts to create conditions for full employment, the Government will also pursue a policy aiming at the improvement of labour conditions. To this end the Government intends to take the following measures :—

- (a) The amendment of the Social Insurance legislation so as to provide for an increase of 40-50% in all benefits paid under the Social Insurance Scheme. There will also be a corresponding increase in the contributions to the Scheme. The relative amending Bill will be introduced to the House of Representatives within the next month.
- (b) The revision of the Workmen's Compensation Law, so as to provide for a considerable increase in the amounts of compensation payable in respect of industrial injuries. The present legislation provides for a maximum compensation of £600 in cases of death and £800 in cases of total incapacity. The amendment of the Law will provide for increased compensation of a maximum of £2,000, payable either in the form of a lump sum or by way of pension.
- (c) The statutory recognition of an employee's years of service by providing for the compulsory establishment of Provident Fund Schemes or for the payment, in cases of wrongful dismissal, of an amount equal to one month's wages for each year of service.
- (d) The compulsory inclusion in the Social Insurance Scheme of certain self-employed classes, such as lawyers, doctors, merchants and agricultural workers.

In an effort to secure more harmonious relations between employer and employee, the Government is considering the amendment of the Industrial Disputes and Arbitration legislation; the purpose will be to safeguard collective agreements, on the one hand, and to establish, on the other, adequate machinery for arbitration and mediation, so that strike may be resorted to only as a last, and not as the first, means to the settlement of labour demands.

This, in broad outline, is the development programme of the Government for the next five years. The programme of public investments may be summarized as follows :—

#### SUMMARY OF EXPENDITURE OF THE PROGRAMME FOR 1962-1966.

|                                                      | <i>Total Expenditure.</i> |
|------------------------------------------------------|---------------------------|
|                                                      | £                         |
| Agriculture .. .. .                                  | 7,000,000                 |
| Water Dams .. .. .                                   | 10,000,000                |
| Water Supplies .. .. .                               | 4,000,000                 |
| Hydrological Research and Geophysical Survey .. .. . | 2,000,000                 |
| Animal Husbandry and Animal Breeding ..              | 500,000                   |
| Forests .. .. .                                      | 1,000,000                 |
| Development Bank .. .. .                             | 600,000                   |
| Fisheries .. .. .                                    | 400,000                   |
| Tourism .. .. .                                      | 3,000,000                 |
| Harbours .. .. .                                     | 11,100,000                |
| Airports .. .. .                                     | 880,000                   |
| Roads .. .. .                                        | 5,460,000                 |
| Telecommunications .. .. .                           | 1,400,000                 |
| Electrification .. .. .                              | 10,530,000                |
| Government Buildings .. .. .                         | 500,000                   |
| Health .. .. .                                       | 2,000,000                 |
| Social Services .. .. .                              | 600,000                   |
| Other Services .. .. .                               | 1,000,000                 |
|                                                      | <hr/>                     |
|                                                      | £61,970,000               |

Thus, the total amount of the national expenditure on investment, over the next five years, is estimated at £62,000,000, of which it is expected that one half will be financed from internal sources.

At the same time the programme of public investment is expected to stimulate considerable new investments in the private sector of the economy. As I have stated earlier much of the programme described here is designed to provide an economic environment favourable to private enterprise because, without the effort and the active participation of the individual in the work of development, no progress can be made.

It is anticipated that the implementation of the programme outlined above will result in the increase of the gross national product from £78,400,000 in 1960 to £108,000,000 at the end of 1966, calculated at present current prices ; this will represent an average annual increase of 6.2%.

It is anticipated that by the end of 1966 the per capita national income, calculated at present current prices, will be increased to £175 as compared with the present per capita income of £139.3 ; this will represent an average annual increase of 4.2%.

Having dealt with the Government five-year programme I shall now proceed to make a survey of the work accomplished by the Government during the past year, the first year since the declaration of Independence.

At the outset, I wish to stress that the setting up of a new state and the laying of sound foundations for it is not an easy task. This task is even more difficult in the case of Cyprus. The transition to normality and peace after a disturbed period and the adaptation of the Government services to new conditions, necessitating the creation of entirely new services, the lack of enterprising initiative on the part of both local and foreign private capital, the adverse state of affairs inherited from the colonial regime, and the hardships inherent in a state of transition, are only instances of the many difficulties which the Government has had to face. Furthermore, a considerable section of the population has been labouring under the misapprehension, physically impossible of realisation, that the termination of the colonial regime would automatically and of itself result in the transformation of Cyprus into an earthly paradise.

In spite of the numerous difficulties, the Government of the Republic, immediately on assumption of authority, proceeded with all aspects of its task with faith and determination.

The primary task which the Government set to itself was the laying of the foundations for a sound economic development of the island and the creation of conditions leading to full employment. To this end, the Government's first concern was the approval of a supplementary budget providing for the expenditure, on various development projects to be carried out between the 16th August, 1960, and the 31st December, 1960, of the sum of £575,967, including amounts issued out of the Public Loans Fund.

The total sum provided for the execution of development projects during the current year is £5,387,380 which is made up as follows :

- (a) £3,598,925 provided from Development Budgets.
- (b) £1,059,671 approved for issue from the Public Loans Fund.
- (c) £728,784 made available out of the American Grain Aid Fund.

Never before in the history of Cyprus has such a large amount been provided for development works. This is clearly evidenced by the following comparative table showing the expenditure on development projects during the last decade.

#### EXPENDITURE ON DEVELOPMENT.

|              | £         |
|--------------|-----------|
| 1951 .. .. . | 942,086   |
| 1952 .. .. . | 1,327,957 |
| 1953 .. .. . | 1,630,391 |
| 1954 .. .. . | 966,988   |
| 1955 .. .. . | 1,255,843 |
| 1956 .. .. . | 2,787,609 |
| 1957 .. .. . | 2,509,054 |
| 1958 .. .. . | 1,886,919 |
| 1959 .. .. . | 1,604,989 |
| 1960 .. .. . | 1,026,048 |
| 1961 .. .. . | 5,387,380 |

The largest sum spent on development in any one year in the past was £2,787,609 whilst the average annual development expenditure during the last decade was £1,594,000. The amount provided for the development of the productive resources of the island during 1961 is

twice as high as the largest sum provided in any year of the island's history, and is more than three times as high as the average annual expenditure of the past decade.

A simple comparison of the various items of expenditure will demonstrate the special attention devoted to every productive sector of our economy.

Thus, agriculture, water and forests, which are by far the most productive sectors of our economy, have been allotted a sum of £1,823,622, in the Development Budget for 1961, in addition to the provision of £1,026,633 in respect of these sectors in the ordinary Budget.

The following table shows the expenditure provided in the development budgets of the last ten years in respect of agriculture, water and forests :—

TABLE OF DEVELOPMENT EXPENDITURE  
IN RESPECT OF AGRICULTURE,  
WATER AND FORESTS.

|            | £         |
|------------|-----------|
| 1951 .. .. | 262,124   |
| 1952 .. .. | 317,797   |
| 1953 .. .. | 141,098   |
| 1954 .. .. | 89,197    |
| 1955 .. .. | 161,452   |
| 1956 .. .. | 935,890   |
| 1957 .. .. | 1,054,853 |
| 1958 .. .. | 875,161   |
| 1959 .. .. | 506,523   |
| 1960 .. .. | 456,725   |
| 1961 .. .. | 1,823,622 |

The amount provided for the development of these sectors during 1961 is four times as high as the average annual expenditure for the development of the same sectors during the last decade, which average amounted to only £480,082.

For the development of the water resources of the island alone, and for the improvement of the water supply, the sum of £1,522,678 has been provided in 1961, as against the highest sum of £752,512 provided in 1957 and as against the sum of £323,525 representing the annual average expenditure of the past decade. Thus, the sum provided today is five times as high as the annual average expenditure of the past decade.

The sum of £1,000,000 has been provided for the development of our network of communications during 1961, as against the sum of £560,855 spent during 1957, being the highest sum expended in any year during the past decade, and as against the sum of £212,593 representing the annual average expenditure of the past decade. Therefore, in this sector, as well, the sum provided today is five times as high as the annual average expenditure of the past decade.

The expenditure provided for 1961 in respect of roads, improvement of harbours, airports and antiquities works, is £1,291,303 as against £416,981 representing the annual average expenditure of the past decade. In addition, the sum of £1,125,358 has been provided in the ordinary budget for the Ministry of Communications and Works, which sum is being spent mainly on the maintenance and improvement of roads and other works of public utility, public buildings, museums, etc.

The sum of £338,900 has been provided in 1961 for the development of the medical services, in addition to the sum of £1,062,839 provided in the ordinary budget for the maintenance of the existing medical and pharmaceutical services to the public. The highest sum ever provided in the past for the development of the medical services was that provided in 1955, amounting to £168,651, whilst the average annual expenditure of the last decade was £87,866. Thus, the provision made for the medical services during 1961 is four times as high as the annual average expenditure of the last decade.

Provision has been made in 1961 in the sum of £139,500, to be made available through the various District Officers, for the execution of minor works of public utility in rural areas. This is in addition to the sum of £102,684, provided in the ordinary budget for the improvement and maintenance of rural roads.

The sum of £1,059,671 has, since the beginning of 1961, been made available through the Public Loans Fund in the form of loans for the erection of schools, the increase in the capacity of the storage space for vine produce, the improvement of hotels, etc. The corresponding average annual expenditure of the past decade amounted only to £423,585.

The sum of £40,000 has been provided for the development of commerce as against the sum of £14,853 provided in 1959, being the highest sum in respect of any year during the past decade, and as against the sum of £6,047 representing the annual average expenditure of the past decade.

The provision made for the development of tourism is £25,000, as against the sum of £7,890 provided in 1959, being the highest sum in respect of any year during the past decade, and as against the sum of £4,897 representing the annual average expenditure of the past decade.

The sum of £270,000 is provided for the social services of the Welfare Department as against the sum of £245,686 provided in 1960, being the highest sum in respect of any year during the past decade, and as against the sum of £109,168, representing the annual average expenditure of the past decade.

I wish to lay special stress on the subsidy of the price of bread, which constitutes a most beneficial measure. The cost of this subsidy in 1961 is estimated at £750,000. The reduction in the price of bread and the improvement of its quality, resulting from this measure, provided notable relief to the popular masses. The total cost of the subsidy of vine products and wheat is estimated at £1,185,000.

The American grain aid merits special mention. The total value of this aid in 1961 (including the value of the grain distributed in kind) will amount to approximately £1,200,000. Of this sum an amount of £728,784 spent on the execution of small projects of public utility and of high labour content, covering the whole of the rural area of the island, is undoubtedly a most important contribution to rural economic development.

Apart from other considerations, increased expenditure on development projects constituted one of the means by which the Government endeavoured to solve the serious problem of unemployment inherited from the colonial regime. The non-existence, on the date of Independence, of any plans whatsoever, either for large or small projects, constituted for the Government a great and serious obstacle in its drive against unemployment.

The number of the registered unemployed rose during 1959-1960 to over nine thousand, the highest unemployment figure ever recorded in the island. The greatest sources of employment in Cyprus during the last ten years have been, in order of capacity of employment, the Military Authorities, the Government and the Mines. The average annual number of workers employed by the Government during the last ten years was 5,270 as against 4,700 in 1959. The Government of the Republic lost no time in embarking on the execution of various works and succeeded by May, 1961, in increasing the number of persons employed by it to about 7,330. This is the highest figure of Government employment ever recorded being even in excess of the number for which the Trade Unions requested employment in a petition addressed to the Government.

The absorption by the Government of the entire labour force of the island is, of course, neither possible nor indicated. Private enterprise constitutes a most important factor in the absorption of our labour force. It is the belief of the Government that the unemployment problem can be eliminated by the promotion and development of agriculture, industry, commercial activity and, generally, of all sectors of economic development. The investments envisaged by the five-year plan will render possible the absorption of all available labour hands.

If, as is anticipated, the labour capacity of the island increases by 35,000 in the next five years, then the investment necessary for its absorption is estimated at between £44,000,000 and £45,000,000. The five-year development plan outlined above envisages a far greater amount of investment in all sectors, Government, semi-Government and private.

Whilst the present employment situation continues, however, the Government will extend its assistance to the unemployed by increasing the unemployment benefits paid through the Social Insurance Fund.

The Government believes that the maintenance of good labour relations between employer and employee is indispensable to the economic development and progress of the country. It is worthy of note that, during the current year, there have been no serious labour disputes, the percentage of days lost through strikes being rather low as compared with previous years.

In an effort to achieve still better labour relations and to improve conditions of employment, the Government has reconstituted, in a new form, the Labour Advisory Board which consists of an equal number of representatives of employers and employees. Through this body recommendations concerning labour legislation and any other labour matters are conveyed to the Government.

The machinery of the Joint Consultative Board, which makes recommendations to the Government on matters concerning Government officials, has been improved.

An expert of the International Labour Office, who visited the island on the invitation of the Government, has submitted a report regarding more equitable distribution of employment. An expert has also been invited to assist the committee recently set up for the purpose of studying the question of the increase of the productivity of the Cypriot worker.

The Economic Planning Commission has been set up for the overall planning of the economy and other related subjects. The purpose of the Commission is the consideration and preparation of development programmes, on the one hand, and the supervision of their execution and co-ordination of the development activities of the various Ministries and services, on the other hand.

In so far as the other spheres of Government are concerned, the following is a survey of their activities :—

### **Agriculture**

The agricultural services of the Government have, during the past year, functioned with zeal ; but it was impossible for the numerous subjects and problems in the field of agriculture to be covered to the fullest extent in a single year. A considerable number of personnel was employed in the development of agriculture and arboriculture and in the field of agricultural extension services.

The Ministry of Agriculture spent the sum of £60,000 on the operation of agricultural stations, farms and nurseries. A further sum of £19,000 was spent on research work both in respect of suitable grazing grounds and with a view to the introduction and improvement of plant varieties, methods of plant protection, fertiliser trials, soil survey, as well as for arboriculture and plant preservation. The seed and seedling nurseries and the service for the certification and distribution of seeds and seedlings functioned satisfactorily.

The sum of £7,500 has been provided for the purchase of the agricultural station of Evdhimou to which certain improvements will be effected. Improvements have also been carried out at the Athalassa Farm where a new Cereals Research Laboratory has been erected. The expenditure for the establishment of an experimental station on the irrigation of citrus trees has also been approved.

The sum of £113,113 has been made available, through the District Officers, for soil conservation works ; this sum is considered substantial as compared with the amount spent for the same purposes during 1959-1960, which was barely £2,519.

Loans amounting to £285,000 were granted to farmers for purposes of development and relief.

### **Animal Husbandry**

In the field of animal husbandry the facilities extended to the public through the various animal husbandry stations have been expanded.

New breeds of dairy cows and poultry have been imported into the island for experimental purposes. Improved types of cattle, sheep, pigs and poultry have been made available to farmers. Experiments have been carried out for the improvement of the quality of animals and animal nutrition and for the establishment of suitable techniques of preservation of fresh milk.

### **Veterinary Services**

Intensified efforts have been made for the control of the epidemic diseases which afflict the animals of the island, and an extensive programme of vaccination has been executed. The veterinary laboratory has been reorganized by a United Nations Organization expert, and local personnel has been trained in the technique of preparation of vaccines, a considerable quantity of which has been prepared locally.

The plans for the erection of a new veterinary station and laboratory have been completed and their erection, at an estimated cost of £35,000, will commence shortly.

### **Water Development**

Particularly worthy of note have been the activities of the Water Department of the Ministry of Agriculture. The tempo of water development activities has increased five times as compared with previous years. This has been accomplished in co-operation with the Ministry of the Interior, and particularly the District Officers. An extensive programme of drilling for the discovery of underground waters was put in hand, twenty Government drills operating continuously.

In so far as the village water supplies are concerned, schemes for the supply of piped water to 121 villages were executed whilst the preparation of plans for the supply of water continued ; plans for the execution of schemes of a total value of £1,000,000 are now ready.

Progress has also been achieved in the execution of irrigation projects. The first phase of the construction of the Marathassa Dam has been completed, and the construction of small dams in various other parts of the island will commence shortly. Work is now also being carried out on the replenishment of underground waters in the Famagusta area. It is unfortunate that, for reasons beyond the control of the Government, the commencement of similar activities in the Morphou area, where, as already stated, the level of underground water has receded to an alarming degree, has been delayed.

Minor irrigation works have also been executed in a great number of villages. These works related mainly to the improvement of water springs, the construction of cement water channels and catchments and to the laying of pipes for irrigation purposes. It is anticipated that these works will render possible the irrigation of 12,700 donums of land for winter cultivation, 3,500 donums for spring cultivation and 6,045 donums for summer cultivation.

At the same time, the Hydrological Research Service continued its activities for the collection of data concerning the water resources of the island, mainly in the areas of Kyrenia, Famagusta and Kokkinotrimithia-Morphou.

The following is an analysis by district of the water supply and irrigation schemes executed :—

In the Nicosia-Kyrenia districts during the period 1960-1961 the amount of £305,402 was spent for the supply of water to 42 villages, as against the expenditure of £99,296 in the preceding year. During the same period, the amount made available for irrigation purposes in 29 villages was £263,343, as against the expenditure of £14,680 in the preceding year.

In the Famagusta district the amount of £224,730 has been spent for the supply of water to 24 villages as against an expenditure of £33,730 during the preceding year. The amount of £52,160 has also been made available for irrigation works in 7 villages as against nil expenditure during the preceding year. In addition to the above, the amount of £16,000 was approved for test bore-drilling in 14 villages of the district.

In the Limassol district the amount of £169,900 has been spent for the supply of water to 20 villages as against an expenditure of £4,750 during the preceding year. The amount of £38,990 has also been made available for irrigation works in 25 villages as against an expenditure of £5,630 during the preceding year. In addition the amount of £6,000 has been approved for bore-drilling.

In the Paphos district the amount of £137,000 has been spent for the supply of water to 21 villages as against an expenditure of £11,000 in the preceding year. The amount of £55,660 has also been made available for irrigation works in 22 villages as against an expenditure of £6,500 during the preceding year. In addition, the amount of £7,300 has been approved for bore-drilling.

In the Larnaca district the amount of £100,030 has been spent for the supply of water to 14 villages, the amount of £17,210 for irrigation works and the amount of £8,300 for bore-drilling, as against a total expenditure of £1,000 during the preceding year.

This simple comparison serves to demonstrate the special concern of the Government of the Republic in the vital sector of water development.

### **Forests**

The Government has also shown particular interest in the conservation and development of forests, and for this purpose has provided the amount of £115,500 as against a maximum of £57,067 provided in 1956 and as against £47,728 representing the annual average of the past ten years.

Afforestation, clearing and other fire protective works have been carried out at an accelerated pace. Improvements have also been made in the network of forest roads and in the forest telecommunications system.

### **Industry**

As already stated, in order to help in the development of industry, the Government has decided on the establishment of a Development Bank the main function of which will be the granting of long-term loans to Cyprus industries. The Government has also submitted to the House of Representatives a Bill for the regulation and protection of local industry and has introduced tariff measures and quantitative restrictions for the protection of the following local industries :—

Wine and spirits, brewery, tobacco, yarn and textile, canning, soap and detergent, footwear, tannery, clothing, hosiery, furniture, wire nail, wire, meat preserving, confectionery, mosaic tile, parquet flooring, poultry, table salts, plastics and various other industries.

The Government has also granted loans to wine-manufacturers, amounting to £300,000, for the construction of further wine storage space. This will enable wine manufacturers to purchase greater quantities of grapes from the vine growers, and will thereby reduce the production of " zivania " and raisins, the disposal of which is difficult.

**Commerce**

Intensive efforts have been made to increase our exports, and especially the export of our agricultural products. As a result of these efforts, the value of our exports, especially of agricultural products such as potatoes, citrus fruit, wines, carrots, etc., has increased in the year under review by £365,000 as compared with the value of exports for the corresponding period of the preceding year. In the case of our potato exports, a satisfactory arrangement has been reached whereby the restrictions recently imposed by the United Kingdom Authorities on the import of "new potatoes" have been overcome, and the export to the United Kingdom of all our available surpluses of spring potatoes has been secured.

The Trade and Industry Advisory Board to the Ministry of Commerce and Industry is functioning satisfactorily. All the Chambers of Commerce and Industry of Cyprus are represented on this Board, the function of which is to express the views and recommendations of the industrial and commercial world of the island.

**Tourism**

In order to promote tourism, the Government has extended loans to hoteliers amounting to £200,000, for the extension and improvement of their hotels.

At the same time the Government has embarked on the execution of various works promoting tourism such as streets, pavilions, etc. The Government has also decided to abolish visa requirements for the member countries of the Council of Europe and to waive visa fees for citizens of the United Arab Republic and Israel; the formalities of entry at sea and air ports have been simplified. For the promotion and better co-ordination of tourist activity, an Advisory Committee on Tourism has been set up, on which several organizations connected with tourism are represented.

**Network of Communications**

The Government has provided an amount of £1,000,000 for the construction of new roads, in addition to the cost of maintenance of existing roads.

The construction of new roads is proceeding satisfactorily while improvements are being carried out on all main highways and on a considerable number of tourist and rural roads.

At the same time, the amount of £612,064 has been expended, through the District Officers, for the improvement and maintenance of village roads.

Work has also commenced on the improvement of the Kyrenia harbour and provision has been made in the sum of £50,000 for the current year. A new runway has also been constructed at the Nicosia Airport at a cost of £70,000.

With regard to air communications, an agreement has been concluded between the Cyprus Airways and the British European Airways (B.E.A.) securing an excellent air link between Cyprus and numerous other countries. As an independent State, Cyprus can now exchange air-traffic rights with other countries. A bilateral air traffic agreement with Greece has already been initialled and similar agreements will very shortly be concluded with other interested countries.

In the field of telecommunications considerable progress has been made. The connection by telephone of 91 villages has been effected and 17 rural centres have been provided with automatic telephone installations ; at the same time, the problem of satisfying all outstanding applications for the installation of new telephones in the towns is nearing solution.

Substantial improvements to the underground cables and the aerial network have also been carried out, as well as to the automatic telephone installations for the improvement of the trunk-call services, resulting in the considerable improvement of such services.

Fourteen generators have been installed to ensure the unhindered operation of the telephone service in case of power failure.

In order to provide telecommunication services with other countries the Cyprus Inland Telecommunications Authority has purchased the equipment and operational rights of Cable and Wireless Ltd. for a sum of £130,000.

### **Electrification**

In order to expand the electricity network and supply electricity to a greater section of the population, work has begun on the construction of a new power station of 14,000 kws. This will increase the power of the Dhékélia station to 84,000 kws., and it is anticipated that the work will be completed early in 1963. At the same time the Electricity Authority's network, both in the urban and in the rural areas, has been extended by the laying of about 36 miles of new lines and by the erection of 55 high tension sub-stations.

During the year under review the number of persons supplied with electricity increased by about 16,000 to 240,000 representing approximately 43% of the total population and consisting of 166,000 urban and 74,000 rural inhabitants. Thus 98% of the urban population and 18% of the rural population of the island are now supplied with electricity.

### **Medical Services**

For the purpose of improving the medical services, the Ministry of Health has embarked on the construction of 11 new Rural Health Centres, the estimated expenditure of each being £9,000, and has proceeded with the establishment of more Infant Welfare Stations in the rural areas. The construction has begun of an up-to-date Mental Hospital at Athalassa and of a Psychiatric Unit attached to the Nicosia General Hospital, of a total expenditure of £212,000. Provision has been made for the erection of two additional Outpatients' Departments in Nicosia, and two new wards have been opened in the Nicosia General Hospital, one for chest surgery and the other for ophthalmic diseases. New buildings have also been erected for the housing of certain services of the Nicosia General Hospital as well as a new building for the Hospital laundry. An expenditure of £10,000 has been approved for the erection of a Physiotherapy Unit, and for this purpose a donation of £4,000 has been made by the Nicosia Rotary Club.

### **Taxation Reform**

With a view to achieving a more equitable distribution in the incidence of taxation and also as an incentive to investment and for the protection of local industry, the Government of the Republic introduced to the House of Representatives a number of Bills. Thus, legislation has been enacted providing for the reduction of the fees payable on the transfer of immovable property and for the abolition of the goats tax, as well as for the increase of import duties on goods competing with local products and the reduction in the tax payable on raw materials employed in local industry. Provision is also contained in Bills already submitted to the House for the investment of the proceeds of immovable property tax in development works in the villages from which the tax is collected and for the grant of taxation privileges to newly established local and foreign enterprises.

### **International Organizations**

The participation of Cyprus in various International Organizations constitutes a notable factor, greatly contributing not only to the presentation and prestige of Cyprus in the international field, but also to its technical and economic development. As soon as Cyprus was declared an independent Republic, it took up its position amongst the member states of the United Nations Organization and undertook its international obligations and responsibilities. It subsequently became a member of several International Organizations, of which the main are the following :

The Council of Europe, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), the Food and Agriculture Organization (FAO), the International Labour Organization (ILO), the International Civil Aviation Organization, the Universal Postal Union and the International Telecommunication Union.

\* \* \*

This, Honourable Members, as far as the activities of the Government are concerned. I know that the people expect much from their Government. I cannot give promises which cannot be fulfilled. What I can, however, say on the part of the Government is that we shall work hard, with the sincerest of intentions, our only aim and measure being to serve the interests of the people.

The measures set out above represent, in broad outline, the programme for the economic development of the island over the next five years. They are, however, only the basic framework for economic development and do not, in the strict sense, constitute a complete economic development plan, nor do they purport to set out in detail the methods of execution of the plan. The performance of further work on the plan will be in the hands of the Economic Planning Commission, whose preparatory work has formed the basis of the programme which I have outlined.

Intensive work is now proceeding on the programme of investment for 1962, within the framework described here. The next task of the Economic Planning Commission will be to draw up a detailed statement of the economic goals and objectives of the five-year plan. The greatest possible care will be taken in the definition of priorities of development expenditure, to ensure a balanced development of our national product and income and the attainment of our objectives as rapidly as possible.

I shall now turn to the problem of financing the development programme outlined above. On the home front, every effort will be made to reduce the regular expenditure of the Budget so that the maximum possible amount may be released for investment in development projects.

The Government will also, in due course, embark upon the issue of a State Loan, so that the opportunity may be given to those who may so desire to participate in the financing of the development programme.

Our taxation policy will also be geared to our effort for development. It will, on the one hand, have as its objective the more equitable distribution of income and, on the other, the encouragement of private initiative for development and the attraction of capital.

As far as financing from abroad is concerned, the Government believes that there are good prospects of securing the financing of our programme from international sources. The negotiations for our participation in the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation have reached a final stage and we shall shortly become full members of these organizations; it will then be possible for us to secure from them the financing of our programme.

The International Development Association, which is affiliated to the World Bank, is of particular importance to us. This association grants loans on a very long-term basis, extending up to 50 years. It is possible to secure loans bearing no interest during the first ten years of repayment and bearing only very low interest during the remaining period.

The Government of the Republic is in close touch with these organizations and is in the happy position of being able to announce that both the World Bank and the other organizations have expressed a keen interest in the financing of development projects in Cyprus either by the creation under the auspices of the World Bank of a consortium of states on the model of similar consortia, as in the case of India and Pakistan, or otherwise. A number of Governments, including the Government of the United States of America and the Government of the Federal Republic of Germany, have expressed their willingness to participate in any such consortium under the auspices of the World Bank. The Government of the Republic has extended an invitation to the World Bank for the despatch to Cyprus of a special mission for the purpose of determining the possibilities of the financing of development projects on the part of this international organization, and it is hoped that this mission will arrive in Cyprus by next October.

I am in the exceptionally pleasant position of being able to announce that the Government of the Federal Republic of Germany has officially conveyed to us its intention to grant to us, in principle, financial assistance for the execution of development projects of a value of up to 32,000,000 German marks on very favourable terms, as well as 15 scholarships for technical education.

A substantial contribution to the development of the Cyprus economy has been made, as I have already mentioned, by the American Grain Aid which, it can be considered as certain, will continue in the coming year.

Considerable progress has also been made in the field of technical aid. Agreements in this respect have been concluded with the United Nations Organization and the Government of the United States of America. The technical aid granted to Cyprus by the United Nations Organization has been particularly valuable. A special United Nations Mission, headed by Dr. W. Thorp, has prepared a very detailed survey of the economy of Cyprus and has submitted suggestions about the future development of the economy of the island, which constitute a healthy foundation for the programme of economic development.

The United Nations Organization has, through the United Nations Technical Assistance Board and its Specialist Organizations, granted technical aid in the field of planning and has provided experts in the fields of agriculture, fisheries, labour, town planning, water development and health. A number of fellowships have also been granted to Cypriots for training abroad. It is hoped that the technical aid given by the United Nations Organization will increase in the future, and negotiations are taking place with this end in view.

Technical aid has also been given by U.N.E.S.C.O. and the International Monetary Fund.

I would not wish to take up more of the time of the House of Representatives on the policy of the Government. I have tried, within the narrow limits of a speech, to give a clear picture of the activities and the plans of the Government. The Government is fully alive to its responsibilities towards the people and is fully conscious of the difficulties of its task. We are only at the beginning of our free life and, in most fields, we have to trace an entirely new path. To achieve this, the co-operation of all is essential, and particularly the co-operation of the two communities, whose interests are closely inter-related and inter-dependent.

I cannot but stress that the success of the work of the Government will, to the greatest extent, depend on the satisfactory and smooth operation of the Government machine, which is composed of the public service. The Service is the backbone of our young Republic, and it is on the honesty, zeal and energy of the Government officials that the smooth operation of the State depends; the willing execution of their duties, without any ill-will, favour or fear, which might possibly be dictated by political convictions, religion or race, constitutes an essential prerequisite to the development and progress of our island. I am happy to record that we have excellent public officers and that the public services are working satisfactorily in spite of the inevitable difficulties incidental

to adaptation to new conditions. The Government will, in the execution of its programme and generally in all fields of its activity, rely with trust on the public service, towards whom the Government will, in its turn, show its goodwill, viewing with understanding any just and reasonable claim.

The help and understanding of the Honourable Members of the House of Representatives will obviously constitute a basic factor in the realization of the development programme of the Government. I take this opportunity of thanking you all for your assistance in this respect and of wishing to the House success in their efforts for the advancement of the interests of the people whom this House represents.

May the blessing of Almighty God be upon us all.

STATEMENT OF DEVELOPMENT EXPENDITURE.\*  
1951-1961

|                                             | 1951     | 1952      | 1953      | 1954     | 1955      | 1956      | 1957      | 1958      | 1959      | 1960      | 1961      | Average<br>1951-1960 |
|---------------------------------------------|----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------------|
| Agriculture and Animal<br>Husbandry .. .. . | £ 31,387 | £ 64,591  | £ 81,566  | £ 57,775 | £ 142,341 | £ 178,193 | £ 247,841 | £ 130,110 | £ 85,171  | £ 69,315  | £ 185,444 | £ 108,829            |
| Forests .. .. .                             | 94,590   | 87,807    | 59,532    | 6,402    | 19,111    | 57,067    | 54,500    | 23,739    | 37,770    | 36,766    | 115,500   | 47,728               |
| Water Development .. .. .                   | 136,147  | 165,399   | —         | 25,020   | —         | 700,630   | 752,512   | 721,312   | 383,582   | 350,644   | 1,522,678 | 323,525              |
| Ports .. .. .                               | 262,124  | 317,797   | 141,098   | 89,197   | 161,452   | 935,890   | 1,054,853 | 875,161   | 506,523   | 456,725   | 1,823,622 | 480,082              |
| Roads .. .. .                               | 15,918   | 78,671    | 179,710   | 214,351  | 72,069    | 171,557   | 187,078   | 114,135   | 51,678    | 20,012    | 112,269   | 110,518              |
| Antiquities .. .. .                         | 65,828   | 39,399    | 20,317    | 61,365   | 85,000    | 366,580   | 560,855   | 333,941   | 295,936   | 296,707   | 1,000,000 | 212,593              |
| Airports .. .. .                            | 1,776    | 2,205     | 10,750    | 8,180    | 2,114     | 17,414    | 11,530    | 24,246    | 30,241    | 26,923    | 25,884    | 13,538               |
| Other Public Works .. .. .                  | 109,407  | 100,255   | 1,085     | 63,536   | 236,264   | 51,219    | 56,767    | 24,346    | 143,155   | 17,288    | 110,000   | 80,332               |
| Medical Services .. .. .                    | —        | —         | —         | —        | —         | —         | —         | —         | —         | —         | 43,150    | —                    |
| Minor Rural Development<br>Works .. .. .    | 44,614   | 111,108   | 100,283   | 144,728  | 168,651   | 135,713   | 37,776    | 62,688    | 23,237    | 49,862    | 338,900   | 87,866               |
| Geological Survey .. .. .                   | 84,168   | 131,065   | 82,584    | 24,229   | 25,808    | 430,042   | 385,175   | 240,586   | 235,979   | 98,061    | 139,500   | 173,769              |
| Other (Housing) .. .. .                     | 4,651    | 4,457     | 7,364     | 6,402    | 9,485     | 13,899    | 19,970    | 23,740    | 25,080    | —         | —         | 11,505               |
|                                             | —        | —         | —         | —        | —         | —         | —         | —         | —         | —         | 5,600     | —                    |
|                                             | 588,486  | 784,957   | 543,191   | 611,988  | 760,843   | 2,122,314 | 2,314,004 | 1,698,843 | 1,311,829 | 965,578   | 3,598,925 | 1,170,203            |
| Public Loans Fund .. .. .                   | 350,000  | 540,000   | 1,025,000 | 300,000  | 400,000   | 223,670   | 120,000   | 105,000   | 35,750    | 57,470    | †859,671  | 315,689              |
| Housing Loans .. .. .                       | 600      | —         | —         | —        | —         | 60,125    | 63,630    | 59,076    | 11,410    | 3,000     | —         | 19,784               |
| Other Loans .. .. .                         | 3,000    | 3,000     | 62,200    | 55,000   | 95,000    | 381,500   | 11,420    | 24,000    | 246,000   | —         | 200,000   | 88,112               |
| American Grain Aid Fund .. .. .             | —        | —         | —         | —        | —         | —         | —         | —         | —         | —         | 728,784   | —                    |
| TOTAL .. .. .                               | 942,086  | 1,327,957 | 1,630,391 | 966,988  | 1,255,843 | 2,787,609 | 2,509,054 | 1,886,919 | 1,604,989 | 1,026,048 | 5,387,380 | 1,593,788            |

\* This does not include ordinary expenditure of a development nature.  
† This does not include £374,717 for Water Development.

STATEMENT OF DEVELOPMENT EXPENDITURE  
(16.8.1960-31.12.1960)

|                               |    |    |    |    |    | 16.8.60-31.12.60       |
|-------------------------------|----|----|----|----|----|------------------------|
|                               |    |    |    |    |    | £                      |
| Agriculture                   | .. | .. | .. | .. | .. | 40,805                 |
| Forests                       | .. | .. | .. | .. | .. | 17,413                 |
| Water Development             | .. | .. | .. | .. | .. | 150,331                |
| Ports                         | .. | .. | .. | .. | .. | 2,484                  |
| Roads                         | .. | .. | .. | .. | .. | 208,864                |
| Antiquities                   | .. | .. | .. | .. | .. | 10,291                 |
| Airports                      | .. | .. | .. | .. | .. | 16,703                 |
| Medical Services              | .. | .. | .. | .. | .. | 22,398                 |
| Minor Rural Development Works | .. | .. | .. | .. | .. | 82,704                 |
| Geological Survey             | .. | .. | .. | .. | .. | —                      |
| Total                         |    |    |    |    |    | <u>551,993</u>         |
| Public Loans Fund             | .. | .. | .. | .. | .. | 22,828                 |
| Housing Loans                 | .. | .. | .. | .. | .. | 1,146                  |
| Total                         |    |    |    |    |    | <u><u>£575,967</u></u> |

